

STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE PUBLIC UTILITIES COMMISSION

In the Matter of the Application of
CenterPoint Energy Minnesota Gas, a
Division of CenterPoint Energy
Resources Corp., for Authority to
Increase Natural Gas Rates in
Minnesota

FIRST PREHEARING ORDER

A prehearing conference was held before Beverly Jones Heydinger, Administrative Law Judge, on January 13, 2006 at the Public Utilities Commission, 350 Metro Square Building, 121 Seventh Place East, St. Paul, Minnesota.

Appearances:

Eric F. Swanson, Winthrop & Weinstine, 225 South Sixth Street, Suite 3500, Minneapolis, MN 55402; Brenda A. Bjorklund, Director, Law, CenterPoint Energy, and Jeff Daugherty, Director, Regulatory Services, CenterPoint Energy, 800 La Salle Avenue, Minneapolis, MN 55402, appeared on behalf of CenterPoint Energy.

Karen Finstad Hammel, Assistant Attorney General, and Valerie M. Smith, Assistant Attorney General, 445 Minnesota Street, Suite 1400, St. Paul, MN 55101, appeared on behalf of the Department of Commerce.

Ronald M. Giteck, Assistant Attorney General, Steve Alpert, Assistant Attorney General, and Curt Nelson, Financial Analyst, 445 Minnesota Street, Suite 900, St. Paul, MN 55101, appeared on behalf of the Attorney General's Office, Residential Utilities Division (OAG/RUD).

Bryan D. Shirley, Kennedy & Graven, 470 U.S. Bank Plaza, 200 South Sixth Street, Minneapolis, MN 55402, appeared on behalf of proposed intervenor Suburban Rate Authority.

Ron Elwood, Attorney at Law, Midtown Commons, Suite 101, 2324 University Avenue West, St. Paul, MN 55114, appeared on behalf of proposed intervenor Legal Services Advocacy Project.

Chris Duffrin, Assistant Director, Energy CENTS Coalition, 823 East Seventh Street, St. Paul, MN 55106, appeared on behalf of proposed intervenor Energy CENTS Coalition.

Commission staff Robert C. Harding, Rates Analyst, Jerry Dasinger, Financial Analyst, and Stuart Mitchell, Rates Analyst, were present.

Discussion was held among the participants concerning the proposed schedule. The Administrative Law Judge makes the following Prehearing Order.

Intervention

1. The parties to this matter as named in the Commission's Notice and Order for Hearing issued December 21, 2005 are CenterPoint, the Department of Commerce and the OAG/RUD. Petitions to intervene were submitted to the Commission by Energy CENTS Coalition, Legal Services Advocacy Project, and Suburban Rate Authority. There was no objection to the interventions. Intervention of the Legal Services Advocacy Project, Energy CENTS Coalition and Suburban Rate Authority is GRANTED.

2. Cornerstone Energy has petitioned to act as a participant. There was no objection to Cornerstone's participation. Cornerstone's request to participate is GRANTED. Cornerstone Energy shall be provided with all public correspondence between CenterPoint and intervenors in this proceeding.

3. Members of the public need not become formal parties to participate in the hearing. Members of the public may offer either oral or written testimony, and they may offer exhibits for inclusion in the record. But any person desiring to become a formal party must file a petition to intervene.

4. Persons who wish to intervene in this proceeding are requested to file a written petition to intervene with the Administrative Law Judge no later than January 31, 2006, as set forth in Minn. R. 1400.6200. Any objections to the petitions shall be filed by February 7, 2006. The petition shall be served upon all existing parties and the Commission. A Notice of Appearance shall be filed with the Petition.

Schedule

5. The following schedule is adopted:

Direct Testimony, Intervenor	February 22, 2006
Rebuttal	March 23, 2006
Surrebuttal	April 6, 2006
Evidentiary Hearing	April 11-14, 2006
Deadline for Public Comment	April 18, 2006
Post-hearing Brief	May 12, 2006
Reply Brief	May 26, 2006

The times and places for the public hearings are being developed by the Commission staff. They are tentatively scheduled for March 28, 2006 in Bloomington and Minneapolis, March 29, 2006, by videoconference from St. Paul to Brainerd, Mankato, Willmar and Plymouth, March 30, 2006 in Coon Rapids, and April 11, 2006 at Sabathani Community Center in Minneapolis. A final schedule will be developed by the Commission staff in consultation with the Administrative Law Judge, and will be distributed to the parties as soon as it is available.

6. The Evidentiary Hearing will begin on **April 11, 2006 at 9:00 a.m.** at the Public Utilities Commission.

Publication of Hearing Schedule

7. Notice of the hearings, including the public hearings, shall be given by CenterPoint, as set forth in the Commission's Order of December 21, 2005.

Settlement

8. Pursuant to Minn. Stat. § 216B.16, subd. 1(a), the Administrative Law Judge is required to convene a proceeding for the purposes of discussing settlement of issues in a public utility rate proceeding. The Administrative Law Judge encourages the parties to exhaust opportunities for settlement. Recognizing that the potential for settlement cannot be evaluated until after additional testimony has been filed, the parties are directed to inform the Administrative Law Judge as to whether an additional proceeding should be convened to discuss settlement. Settlement assistance, including mediation, is available through the Office of Administrative Hearings.

Discovery

9. All requests for information shall be made in writing to the person from whom the information is sought with a copy of the request provided to all parties of record. The responding party shall provide the information to the requesting party within eight business days of receipt. Copies of the requests and responses shall be sent to all parties of record. Copies of the requests and the responses should NOT be filed with the Administrative Law Judge or the Court Reporter. Only public versions of requests and responses shall be sent by electronic mail.

10. In the event the information cannot be supplied within eight business days, the responding party shall notify the requesting party in writing within five days of the request of the reason(s) it can not provide the information, and the two parties shall work out a schedule for compliance. Requests and responses may be sent by facsimile transmission or electronic mail, with the assent of the recipient.

11. Information Requests and responses received by electronic mail or U.S. mail before 3:00 p.m. will be considered received the actual day received. Information requests and responses received after 3:00 p.m. will be considered received the following business day. A “business day” is defined as Monday through Friday, except for Minnesota state holidays. All disputes concerning the reasonableness of discovery requests and the timing and sufficiency of responses shall be resolved by the Administrative Law Judge upon motion of a party.

12. There shall be a continuing obligation to update and supplement information responses.

13. Parties asked to provide “Confidential Information” may require the requesting party to comply with the terms of the Protective Agreement in this matter.

14. All disputes concerning the reasonableness of discovery requests and the timing and sufficiency of responses shall be resolved by the Administrative Law Judge upon motion of a party. Hearings on such motions may be conducted by telephone conference call.

Prefiled Testimony

16. Prefiled testimony shall be marked as an exhibit and offered for admission into the record at the hearing. Prefiled testimony that is amended, or not offered into the record, shall be considered withdrawn and no witness shall be cross-examined concerning the withdrawn testimony. Any new affirmative matter that is not offered in reply to another party’s direct case will not be allowed in rebuttal testimony and exhibits. Except for good cause shown, all revisions or corrections to any prefiled testimony shall be in writing and served upon the Administrative Law Judge and the parties no later than three days prior to the commencement of the evidentiary hearing.

Order of Testimony

17. Unless the parties agree otherwise, the order of testimony shall be: CenterPoint Energy, Energy CENTS Coalition, Legal Services Advocacy Project, suburban Rate Authority, other intervenors (in order of intervention), OAG/RUD, and the Department of Commerce. Questioning of the witnesses shall proceed in the same order, subject to change by agreement of the parties or further order of the Administrative Law Judge.

18. If a witness needs a day certain to offer testimony, the sponsoring party should submit to the Administrative Law Judge and other parties a request for testimony on a day certain.

Examination of Witnesses

19. Witnesses shall be allowed ten minutes to summarize their prefiled testimony. For good cause shown, witnesses will be permitted to respond to any new matters not addressed in prefiled testimony through direct examination by counsel.

20. Parties shall examine and cross-examine witnesses through their attorneys, if they are represented by counsel. Any party not represented by counsel may examine and cross-examine each witness through any one representative chosen by the party.

21. Except for good cause shown, objections by any party relation to the qualifications of a witness or the admissibility of any portion of a witness's prefiled testimony (except surrebuttal) shall be considered waived unless the objecting party states its objection by motion made to the Administrative Law Judge, and serves a copy of such objections on the parties, no later than **April 6, 2006**. Objections to any portion of surrebuttal shall be made no later than April 10, 2006.

Procedure

22. The rules of the Office of Administrative Hearings govern the conduct of the hearings, and the Professionalism Aspirations adopted by the Minnesota Supreme Court will be observed.

Filing of Documents

23. All documents, including Prefiled Testimony **but excluding information requests and responses**, shall be filed as follows:

- A. Prior to the issuance of the Report of the Administrative Law Judge, the original and one copy shall be filed with the Administrative Law Judge.
- B. After the Administrative Law Judge's Report is issued, the parties shall file the original of all documents with the Executive Secretary of the Commission.
- C. Service and filing of documents is governed by Minn. R. 1400.5550. However, an electronic copy should also be sent by electronic mail to persons whose electronic mail address is provided on the service list, if possible.
- D. A service list is attached hereto as Exhibit A and made a part hereof. Service of documents in the numbers required by this Prehearing Order shall be made according to the service list. This list will be amended as necessary to reflect the addition of

parties. Corrections should be brought to the attention of the administrative law judge as soon as practicable.

- E. Pursuant to Minn. R. 1400.5100, subp. 9, and Minn. R. 7829.0400, subp. 1, the effective date of filing shall be the date the document is mailed or delivered to the Office of Administrative Hearings. Filings with the Administrative Law Judge may be made by electronic mail to Beverly.Heydinger@state.mn.us, or by facsimile transmission to 612-349-2665. However, any filing sent by electronic mail or facsimile transmission must be received by 4:30 p.m. and must be followed by a hard copy mailed that day.
- F. Proof of service shall be filed with each filed document or within three business days thereafter.
- G. If an electronic copy of prefiled testimony is available, it shall be served on the other parties and the court reporter by 3:00 p.m. on the day it is due.

Court Reporter

23. The Office of Administrative Hearings will arrange to have a court reporter present at the hearing. Parties must make arrangements with the Court Reporter to obtain a copy of the transcript.

Request for Accommodation

24. No person has requested accommodation for a disability or appointment of an interpreter. The Office of Administrative Hearings shall be notified promptly if either an accommodation or interpreter is needed.

Subpoenas

25. Requests of subpoenas for the attendance of witnesses or the production of documents shall be made in writing to the administrative law judge pursuant to Minn. R. 1400.7000. A copy of the subpoena request shall be served on the other parties. A subpoena request form is available at www.oah.state.mn.us.

Dated this 20th day of January, 2006.

/s/ Beverly Jones Heydinger

BEVERLY JONES HEYDINGER
Administrative Law Judge

EXHIBIT A

In the Matter of the Application of CenterPoint Energy Minnesota Gas, a Division of CenterPoint Energy Resources Corp., for Authority to Increase Natural Gas Rates in Minnesota

PUC Docket No. G008/GR-05-1380. OAH Docket No. 15-2500-17032-2.

Service List as of January 18, 2006.

<p>Burl W. Haar (15 copies) Minnesota Public Utilities Commission 350 Metro Square Building 121 Seventh Place East St. Paul, MN 55101-2147 FAX: 651-297-7073</p> <p>Beverly Jones Heydinger (Original and 1 copy) Office of Administrative Hearings 100 Washington Square, Suite 1700 100 Washington Avenue South Minneapolis, MN 55401-2138 beverly.heydinger@state.mn.us</p> <p>Julia E. Anderson Karen Finstad Hammel Valerie M. Smith Assistant Attorneys General 1400 Bremer Tower 445 Minnesota Street St. Paul, MN 55101 julia.anderson@state.mn.us, (651) 296-8703 karen.hammel@state.mn.us, (651) 297-1852 valerie.smith@state.mn.us, (651) 296-6170</p> <p>Sharon Ferguson (4 copies) Minnesota Department of Commerce 85 Seventh Place East, Suite 500 St. Paul, MN 55101 sharon.ferguson@state.mn.us (651) 297-3652</p>	<p>Eric F. Swanson Winthrop & Weinstine Suite 3500 225 South Sixth Street Minneapolis, MN 55402 eswanson@winthrop.com (612) 604-6511</p> <p>Brenda A. Bjorklund, Director Law CenterPoint Energy 800 LaSalle Avenue Minneapolis, MN 55402 brenda.bjorklund@CenterPointEnergy.com (612) 321-4976</p> <p>Jeff Daugherty, Director Regulatory Services CenterPoint Energy 800 LaSalle Avenue Minneapolis, MN 55402 jeffrey.daugherty@CenterPointEnergy.com (612) 321-5070</p> <p>James M. Strommen Bryan D. Shirley Kennedy & Graven, Chartered 470 U.S. Bank Plaza 200 South Sixth Street Minneapolis, MN 55402 bshirley@kennedy-graven.com (612) 337-9205</p>
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<p>Chris Duffrin, Assistant Director Energy CENTS Coalition 823 East Seventh Street St. Paul, MN 55106 chris@energycents.org (651) 774-9010</p> <p>Steve Alpert Ronald M. Giteck Assistant Attorneys General Curt Nelson Financial Analyst 900 Bremer Tower 445 Minnesota Street St. Paul, MN 55101 steve.alpert@state.mn.us, (651) 296-3258 ron.giteck@state.mn.us, (651) 284-4066 curtis.nelson@state.mn.us, (651) 296-6393</p> <p>Court Reporter: Janet Shaddix Elling, RPR Suite 122 9100 West Bloomington Freeway Minneapolis, MN 55431 952-888-7687</p>	<p>Ron Elwood Attorney at Law Legal Services Advocacy Project Suite 101 2324 University Avenue West St. Paul, MN 55114 relwood@mnlsap.org (651) 222-3749, ext. 109</p> <p>Participant: Richard Haubensak Cornerstone Energy Suite 106A 11011 Q Street Omaha, NE 68137 402-829-3966</p>
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Information Requests and Responses Only: copies should be sent to counsel on the service list, and one copy to each of the following:

For the Commission staff:

Robert C. Harding
Rates Analyst
Public Utilities Commission
350 Metro Square
121 Seventh Place East
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robert.harding@state.mn.us
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For the Department of Commerce:
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For CenterPoint Energy:

jeffrey.daugherty@CenterPointEnergy.com

For OAG/RUD:

curtis.nelson@state.mn.us